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SUBJECT: EXPORTERS ASSEMBLY CHIEF PUSHES FOR NEW U.S. TRADE
DEAL

REF: ISTANBUL 1839

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distribution. This message was coordinated with Embassy
Ankara.

11. (SBU) Summary: Suleyman Orakcioglu, acting President of the Turkish Exporters' Assembly (TIM) and head of the Istanbul Textile and Apparel Exporters Association (IKTIB) raised eyebrows here this week with his announcement to the press that a new "special trade agreement" is in the works between the United States and Turkey. The accord, he predicted, could raise Turkish exports to the U.S. by USD 2 billion a year if it is implemented in 2006. While such an agreement has long been a priority goal of IKTIB, Orakcioglu appears to have spoken out of turn, and Trade Undersecretariat officials contacted by Embassy Ankara indicate that there is nothing behind the report. End Summary.

12. (U) Orakcioglu's statement, which was disseminated widely in several leading business papers, highlighted a longstanding IKTIB goal: conclusion of a special trade agreement with the United States that would lower U.S. customs duties on textile and apparel in exchange for the use of U.S. inputs. IKTIB officials have raised the idea repeatedly in meetings with us, and also pursued it during the recent visit of an American Turkish Council (ATC) delegation headed by General Scowcroft and Ambassador James Holmes.

13. (U) In his comments to the press, Orakcioglu noted that work was going on on the project with the Foreign Trade Undersecretariat under the leadership of Turkish Trade Minister Kursad Tuzman, with the goal of increasing trade volume with and exports to the United States. He added that Turkish textile producers had presented their case to their American counterparts, and several "favorable developments" had occurred. In sum, he concluded, "circumstances are better than they ever have been for such an agreement," and there is a possibility for it to be implemented in 2006.

14. (SBU) In a meeting to discuss the agenda for the upcoming Trade and Investment Framework Agreement (TIFA) Council meeting, FTU officials raised the issue of the inclusion of textiles in special Qualified Industrial Zones (QIZs). They said that while they would be interested in discussing this subject during the TIFA, they would only want to do so if the USG were prepared to include textiles in the QIZs. They understood, however, that this was unlikely and would rather not spend time on the issue if the USG position has not changed. They added that they were hearing that U.S. textile industry officials were urging Turkish producers to push for a special agreement, but they were unsure whether these U.S. representatives were also communicating to the USG their support for such an arrangement.

15. (SBU) Comment: We have repeatedly cautioned our interlocutors that such an agreement is extremely unlikely, but hope springs eternal, and a "special trade agreement" seems to have replaced qualified industrial zones as the life buoy of choice for Turkey's textile exporters. The industry is sounding less dire in its forecasts, however: though Orakcioglu and others had earlier predicted that the new global trade regime for textiles would mark the deathknell of Turkish industry, in his most recent comments he was more phlegmatic, noting that the industry expects USD 14 billion in exports this year (5 billion in textiles), USD 15.5 billion in 2006, and that it is targeting a level of USD 20-21 billion in future. End Comment.

JONES